

Message Text

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12

ACTION EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 ARA-11 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01

OMB-01 AF-10 EA-11 NEA-10 RSR-01 /220 W

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R 231730 Z MAY 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 9484

INFO AMEMBASSY LONDON

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E. O. 11652: N/A

TAGS: ETRD, GATT, UK, US

SUBJECT: UK DOLLAR AREA QUOTAS

REF: GENEVA 2343

BEGIN SUMMARY: UK INFORMED PANEL MAY 23 IT EXPECTS TO BE
IN POSITION INFORM PANEL BY JUNE 1 THAT UK MINISTERS HAVE
APPROVED A SPECIFIC PROPOSAL TO RESOLVE DAQ DISPUTE AND THAT
UK PREPARED MEET WITH US IN WASHINGTON PROMPTLY THEREAFTER.
PANEL INDICATED IT WOULD BE PREPARED PERMIT A FEW DAYS' LEEWAY
BEYOND 30- DAY LIMIT IT ORIGINALLY SET. PANEL ASKED US AND UK
KEEP IN CLOSE AND FREQUENT TOUCH WITH PANEL AS DISCUSSIONS EVOLVE.
MEANWHILE, PANEL EXAMINING US ESTIMATES OF TRADE IMPAIRMENT
AND GAVE COPY TO UK. END SUMMARY.

1. AT MEETING MAY 23 PANEL ASKED US AND UK DELS FOR STATUS
REPORT ON BILATERAL CONSULTATIONS. CHAIRMAN INFORMED UK
REP OF RECEIPT US TRADE IMAPIRMENT CALCULATIONS AND, HAVING
PRIVATELY ASCERTAINED NO US OPPOSITION, GAVE COPY TO UK REP.
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UK REP (BUXTON) EXPRESSED DISMAY ABOUT IMPAIRMENT CLAIM AND SAID HE WAS CONFIDENT LONDON WOULD CONSIDER PANEL RECOMMENDATION AUTHORIZING US WITHDRAWALS WOULD BE QUITE INAPPROPRIATE SOLUTION SINCE DAQS DO NOT PROTECT UK TRADE INTERESTS BUT ARE FOR BENEFIT OF CARIBBEANS ONLY. US REP (MILLER) OBSERVED THAT WITHDRAWALS ARE NOT A PENALTY BUT RATHER MEANS TO RESTORE BALANCE AND THERE ARE SEVERAL GATT PRECEDENTS FOR WITHDRAWALS UNDER COMPLAINT PROCEDURES.

2. UK REP ASKED IF PANEL WAS IN POSITION TO TELL HIM IF IT CONSIDERED DAQS ILLEGAL IN TERMS OF GATT. WHEN CHAIRMAN EXPRESSED SURPRISE AT QUERY, NOTING UK ITSELF DID NOT DISPUTE INCONSISTENCY OF DAQS WITH GATT RULES, UK SAID PURPOSE OF INQUIRY WAS STRONG OPINION ON PART OF CARIBBEANS THAT PANEL HAD NO INTENTION OF FINDING DAQS ILLEGAL. PANEL CHAIRMAN SAID, WHILE PANEL HAD NOT TAKEN POSITION, IT HAD DONE NOTHING TO GIVE CARIBBEANS THIS IDEA. PERHAPS THEY WERE RELYING ON LDC VOTING MAJORITY IN COUNCIL. PANEL CHAIRMAN SAID PANEL FELT IT COULD NOT MAKE " OPPORTUNE DECISIONS" WHICH WOULD CONVERT GATT INTO UNCTAD AND THAT THEIR FINDINGS WOULD BE BASED ON TEXT OF GATT.

3. US ADVISED PANEL THERE HAVE BEEN NO FORMAL US- UK BILATERAL CONSULTATIONS ALTHOUGH WE INITIATED TOPIC WITH UK AT SENIOR (AMB MALMGREN) LEVEL WITHOUT OBTAINING ANY SUBSTANTIVE REACTION. US FELT TIME RUNNING OUT AND DID NOT WISH TO BE CONFRONTED WITH PURELY PROCEDURAL PROPOSALS ON LAST DAY OF 30- DAY PERIOD; WHAT WE NEED TO TOLERATE ANY FURTHER DELAY IS A SPECIFIC AND REALISTIC PROPOSAL TO RESOLVE SUBSTANCE OF OUR BILATERAL DISPUTE WITH UK.

4. UK REP ASSURED PANEL THAT APPEARANCE OF INACTIVITY MISLEADING. UK MET WITH COMMONWEALTH REPS LAST WEEK AND MEETS WITH THEM AGAIN MAY 24, FOLLOWING WHICH INTENT IS TO PREPARE MEMO FOR INTER- MINISTERIAL CONCURRENCE AND AUTHORIZATION CONSULT PROMPTLY WITH US IN WASHINGTON. UNFORTUNATELY COINCIDENCE OF QUEEN' S BIRTHDAY (MAY 25) AND WHITMONDAY HOLIDAY (MAY 28) MEANS UK CANNOT PROMISE TO SECURE APPROVAL OF MINISTERS BY MAY31 ALTHOUGH THAT IS UK GOVERNMENT' S INTENT AND HOPE. HE APPEALED TO PANEL TO EXERCISE SOME FLEXIBILITY AND NOT TO ISSUE A FINAL REPORT ON MAY 31- JUNA 1 TO FACE OF THIS EVIDENCE OF UK LIMITED OFFICIAL USE

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INTENTION COME UP WITH A SERIOUS PROPOSAL.

5. AFTER FURTHER DISCUSSION PANEL ASKED UK TO NOTIFY CHAIRMAN ON JUNE 1 ABOUT STATUS OF PROPOSED CONSULTATION WITH US, I. E. HAVE UK MINIUTERS APPROVED AND HAS DATE BEEN SET? MEANWHILE PANEL WILL ANALQSE AND FORM ITS OWN VIEW ABOUT US TRADE IMPAIRMENT CLAIMS IN ORDER BE IN POSITION

ISSUE FINAL REPORT AT EARLY DATE IF US- UK CONSULTATIONS DO NOT TAKE PLACE OR OCCUR AND FAIL REACH AGREEMENT.

6. MILLER REITERATED US UNDERSTANDING CONSULTATIONS WOULD BE BILATERAL, NOT INVOLVING CARIBBEANS. UK REP SAID HE WAS AWARE OF US INSISTENCE ON THIS POINT BUT COULD NOT GIVE FORMAL CONFIRMATION UK HAS ACCEPTED OUR POSITION IN THIS RESPECT. PANEL CHAIRMAN OBSERVED THAT IT WAS PANEL' S POSITION AS WELL THAT CONSULTATIONS SHOULD BE BILATERAL, UK HAVING AMPLE OPPORTUNITIES CONSULT CARIBBEANS.

7. UK REP SAID HE UNDERSTOOD UK EMBASSY WASHINGTON MAKING APPROACH TO US ON DAQ PROBLEM IN WASHINGTON TODAY. BASSIN

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